

Message Text

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FOLLOWING REPEAT GENEVA 10538 ACTION SECSTATE INFO
USUN NEW YORK JULY 11.

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SUBJECT: 1978 SUMMER ECOSOC - GENERAL DEBATE ON
JULY 10

1. SUMMARY: GENERAL DEBATE JULY 10 BEGAN WITH SPEECH
BY INDIAN MINISTER OF STATE KUNDU WHO FOCUSED ON NIEO,
WHAT IMPEDES ITS ESTABLISHMENT AND SIGNS OF PROGRESS.
GLOOMY CURRENT AND FUTURE ECONOMIC OUTLOOK, PLUS GROWTH
OF PROTECTIONISM, IS A "GRAVE" ISSUE. BASIC HUMAN NEEDS
ARE THE HEART OF LDC DEVELOPMENT PRIORITIES. RESTRUC-
TURING OF UN SHOULD NOT BECOME AN END IN ITSELF.
NETHERLANDS (SCHELTEMA) CHARACTERIZED WORLD ECONOMIC
PROSPECTS AS "NOT TOO BRIGHT". BECAUSE NATIONS DID NOT
RECOGNIZE INTERNATIONAL ECONOMIC INTERDEPENDENCE WE
HAVE BLINDLY REACHED POINT WHERE ECONOMIC RECOVERY AND
UNCLASSIFIED

PAGE 02 STATE 187169

FUTURE GROWTH IN DEVELOPED WORLD DEPENDS ON PARALLEL
AND ACCELERATED GROWTH IN THIRD WRDLD. CONCERTED
ACTION PROGRAM OF THE OECD IS VITAL. HE EXPECTS PROGRESS
IN NEXT COW SESSION ON IDENTIFYING AREAS OF AGREEMENT.
HE ANNOUNCED THAT GON HAS DECIDED TO CANCEL ALL OUT-
STANDING DEBTS OF BANGLADESH, SUDAN, TANZANIA AND UPPER
VOLTA. UAE (DR. HAMADEH) NOTED UAE IS DOING MORE THAN
ITS SHARE IN FUNDING DEVELOPMENT EFFORTS. IMF (POLAK)
NOTED WORLD'S ECONOMIC PERFORMANCE IS BAD, WITH
INFLATIONARY PRESSURES REQUIRING INDUSTRIALIZED STATES

TO MAINTAIN ONLY A VERY MODEST GROWTH RATE. PHILIPPINES (VERCLES) FOCUSED ON NIEO, DECRIED INCREASING PROTECTIONISM, AND DESCRIBED COW AS SOURCE OF POLITICAL IMPETUS TO REINFUSE VIGOR IN NORTH-SOUTH TALKS. HE ALSO JIBED SOVIETS BY STATING THAT IN TERMS OF GLOBAL ECONOMIC INTERDEPENDENCE, "POLITICAL OR SO-CALLED HISTORICAL REASONS HAVE NO RELEVANCE". VENEZUELA (CASTIL) DECLAIMED AGAINST GROWING PROTECTIONISM IN WORLD TRADE, BLAMING DEVELOPED STATES FOR LACKING POLITICAL WILL TO ESTABLISH NIEO AND FOR TRYING TO MAKE COW A FORUM FOR MERE SHARING OF VIEWS. END SUMMARY

2. INDIAN MINISTER OF STATE KUNDU WAS PESSIMISTIC ABOUT THE PRESENT AND LIKELY FUTURE ECONOMIC OUTLOOKS. GROWTH OF PROTECTIONISM IS A "GRAVE" ISSUE AS LDCS DO NOT HAVE THE STRUCTURE OR FLEXIBILITY TO WITHSTAND SUCH ECONOMIC ONSLAUGHTS WITHOUT REMEDIAL ACTIONS. KUNDU NOTED THAT MUCH OF THE STRATEGY FOR THE SECOND DEVELOPMENT DECADE REMAINS RELEVANT AS WE ENTER THE 1980S. IN A POLITE PUT-DOWN ON BASIC HUMAN NEEDS KUNDU REMINDED THE PLENARY THAT SOCIAL OBJECTIVES ARE AT THE HEART OF LDCS' DEVELOPMENT PLANNING PRIORITIES. HOWEVER, THE EMPHASIS ON BHN CANNOT END THE NEED AND COMMITMENT TO ESTABLISH THE NIEO. KUNDU URGED THE UNCLASSIFIED

PAGE 03 STATE 187169

EARLY ESTABLISHMENT OF A COMMON FUND FOR COMMODITIES AND EARLY RESUMPTION OF UNCTAD NEGOTIATIONS TOWARD THIS END. HE EXPRESSED SATISFACTION OVER PROGRESS ON THE SCIENCE AND TECHNOLOGY CONFERENCE. TURNING TO RESTRUCTURING, KUNDU DECLARED THE EFFORT SHOULD NOT BECOME A SELF-PERPETUATING PROCESS THAT DIVERTS ATTENTION FROM SUBSTANTIVE ISSUES; NOR SHOULD IT BECOME A SIGNIFICANT DRAIN ON ECOSOC TIME AND ENERGY. HE ALSO URGED EARLY DISARMAMENT NOTING THAT THAT WOULD FREE GREAT AMOUNTS FOR DEVELOPMENT PROJECTS. KUNDU CONCLUDED BY REFERRING TO THE "SAD PLIGHT" OF COW, FIRST MEETING OF WHICH WAS "INCONCLUSIVE". GIVEN THE POLITICAL WILL TO MAKE PROGRESS, IT CAN DO ITS JOB. HE HOPED THE SEPTEMBER COW MEETING WILL DEMONSTRATE BOTH THAT DEVELOPED AND DEVELOPING STATES HAVE THIS COMMITMENT TO CONTINUE THE DIALOG.

3. SCHELTEMA CHARACTERIZED WORLD ECONOMIC OUTLOOK AS "NOT TOO BRIGHT"; DISTURBING DEVELOPMENTS DUTWEIGH POSITIVE ACHIEVEMENTS. HE JOINED THE THRONG CONDEMNING GROWTH OF PROTECTIONISM. THREE IDEALS ARE DEVELOPING IN OECD AND OTHER INTERNATIONAL ECONOMIC DOCUMENTS:

(A) NEED FOR ACTION BY EACH MEMBER STATE ON ITS OWN SPECIFIC PROBLEMS;

(B) MAKING SURE THAT SUCH MEASURES DO NOT NEUTRALIZE

STEPS BEING TAKEN IN OTHER COUNTRIES; AND

(C) BECAUSE OF GROWING INTERDEPENDENCE BETWEEN DEVELOPED AND DEVELOPING STATES, WE MUST RECOGNIZE THAT STEPS TAKEN BY DEVELOPED COUNTRIES AFFECT DEVELOPING NATIONS AND VICE VERSA.

HE WONDERED WHY STATES HAVE TALKED SO MUCH ABOUT INTERDEPENDENCE BUT HAVE NOT ACTED AS THOUGH IT WERE UNCLASSIFIED

PAGE 04 STATE 187169

A FACT OF LIFE, CONCLUDING THAT AS LONG AS IT WAS NOT A MATTER OF ECONOMIC URGENCY, TALK WAS ALL THAT WAS NECESSARY. HOWEVER THE INDUSTRIALIZED STATES HAVE REACHED THE POINT WHERE ECONOMIC RECOVERY AND FUTURE GROWTH ARE NO LONGER POSSIBLE WITHOUT PARALLEL AND ACCELERATED GROWTH IN THE THIRD WORLD. OECD STATES AND THIRD WORLD HAVE MUTUAL INTEREST IN CONTINUED EXPANSION OF TRADE, INTERNATIONAL PUBLIC AND PRIVATE INVESTMENT, ENERGY COOPERATION AND LARGER AID ALLOCATIONS TO RAISE EFFECTIVE DEMAND IN THE THIRD WORLD. NETHERLANDS VIEWS CONCERTED ACTION PROGRAM OF OECD AS AN IMPORTANT CONTRIBUTION TO THE NORTH-SOUTH DIALOG. NORTH-SOUTH DIALOG IS IN A "DIFFICULT STAGE". YET SOME PROGRESS WAS MADE AT THE LAST COW SESSION -- IT CLEARLY IDENTIFIED IMPORTANT AREAS, POTENTIAL AGREEMENT ON CONCEPTS OF INTERDEPENDENCE, STRUCTURAL CHANGE, BASIC NEEDS AND "PERHAPS ALSO THE DIFFICULT PROBLEM OF DIFFERENTIATION AMONG DEVELOPING COUNTRIES". NETHERLANDS THINKS IT POSSIBLE IN NEXT COW SESSION TO IDENTIFY A LIMITED NUMBER OF TOPICS ON WHICH ALL STATES WILL RECONSIDER POSITIONS AND AIM AT SUBSEQUENT CONCLUSIONS. COW WOULD CONCENTRATE ON MONITORING, GUIDING AND PUSHING CONCRETE NEGOTIATIONS. SCHELTEMA CALLED ON UN TO CONSIDER LIMITED NUMBER OF ITEMS IN HOPE OF ACHIEVING HIGHER DEGREE OF RESULTS. HE SUGGESTED ONE TOPIC SHOULD BE TRANSFER OF RESOURCES AND PRAISED SWEDEN'S SUGGESTION ON MASSIVE TRANSFER OF RESOURCES. ON DEBT RESCHEDULING (SUB-ITEM UNDER TRANSFER OF RESOURCES), HE ANNOUNCED THAT GON HAS DECIDED TO CANCEL ALL OUTSTANDING PUBLIC DEBTS TO THE FOUR LEAST DEVELOPED STATES: BANGLADESH, SUDAN, TANZANIA AND UPPER VOLTA, FOR A TOTAL AMOUNT OF APPROXIMATELY \$130 MILLION. SECOND TOPIC IS INTEGRATED PROGRAM ON COMMODITIES, UNCLASSIFIED

PAGE 05 STATE 187169

WHERE AGREEMENT ON COMMON FUND MUST BE POSSIBLE. A BREAKTHROUGH HERE WOULD BE A BREAKTHROUGH IN THE NORTH-SOUTH DIALOG. THIRD TOPIC IS COMPREHENSIVE PROGRAM ON SCIENCE AND TECHNOLOGY. SCHELTEMA PRAISED

RESTRUCTURING STEPS ALREADY TAKEN WITHIN THE SECRETARIAT, ESPECIALLY APPOINTMENT OF DIRECTOR GENERAL FOR DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION. HE ENDORSED STRENGTHENING OF SYSTEM-WIDE COORDINATION PURSUED BY THE ACC. HE ENDED HIS REMARKS ON THE TOPIC OF BASIC HUMAN NEEDS, NOTING THAT THE LONG TERM DEVELOPMENT STRATEGY THE UN SHOULD DRAFT MUST EMPHASIZE RELATION BETWEEN "STRUCTURAL DEVELOPMENT IN INTERNATIONAL ECONOMIC RELATIONS" AND THE CONCEPT OF BASIC NEEDS. IF THE CONCEPT OF BASIC NEEDS IS NOT TO BE LOST, NO ATTEMPT SHOULD BE MADE TO SUBSTITUTE THIS CONCEPT FOR GLOBAL RESTRUCTURING, NOR SHOULD IT BE PUT FORWARD AS AN EXCLUSIVE OVERALL DEVELOPMENT STRATEGY.

4. UAE (DR. HAMADEH) WAS INTERESTED IN FREEING INTERNATIONAL AFFAIRS OF VESTIGES OF COLONIALISM WHICH HE IDENTIFIED IN UNEQUAL ECONOMIC RELATIONS AND THE CURRENT INTERNATIONAL ECONOMIC DOLDRUMS. HE NOTED TNCs ARE A DANGER FROM WHICH LDCs REQUIRE PROTECTION. HE APPROVED CONVENING AN INTERNATIONAL CONFERENCE OF PLENIPOTENTIARIES ON ILLICIT PAYMENTS. HAMADEH STRESSED THAT UAE IS DEVELOPING STATE WITH FINITE RESOURCES, BUT IS A HEAVY CONTRIBUTOR TO OTHER DEVELOPING NATIONS.

5. IMF (POLAK) EVALUATED PERFORMANCE OF THE WORLD ECONOMY ADVERSELY, NOTING THAT THE MAIN REQUIREMENT FOR RECOVERY IS A VERY MODEST GROWTH RATE IN DEVELOPING COUNTRIES TO COMBAT INFLATION AND TO REDRESS CURRENT WORLD ECONOMIC IMBALANCES. HE CONCLUDED HIS REPORT ON IMF ACTIVITIES WITH THE PROGNOSTICATION THAT IN THE FUTURE GROWTH WILL HAVE TO GIVE WAY TO ADJUSTMENT IN ORDER TO CREATE A DURABLE WORLD ECONOMY.
UNCLASSIFIED

PAGE 06 STATE 187169

6. PHILIPPINES (VERCELES) LAMENTED THE BAD WORLD ECONOMIC SITUATION WHICH IS PARTICULARLY ADVERSE FOR DEVELOPING COUNTRIES. AN ALREADY BAD SITUATION IS WORSENERED BY PROTECTIONIST EFFORTS OF SOME NATIONS. FAILURE TO ESTABLISH NIEO THROUGH TRANSLATION INTO CONCRETE TERMS THE PROGRAM OF ACTION STRENGTHENS THE GRIP OF FORCES ANXIOUS TO RETAIN THEIR DOMINANCE IN THE WORLD ECONOMY. THIS HAS MADE INSITUATION OF THE PREREQUISITE STRUCTURAL CHANGES IN IMPORTANT SECTORS OF THE WORLD ECONOMY -- AN IMPORTANT PREREQUISITE OF ESTABLISHING THE NIEO -- MORE DIFFICULT. HE ADDED THAT DESPITE THE HIGH SOUNDING DECLARATIONS OF THE HEADS OF STATE AT THE LONDON SUMMIT OF 1977, PROTECTIONISM HAS REMAINED UNCHECKED AND SOME DEVELOPING COUNTRIES ARE NOW INSTITUTIONALIZING SOME OF THE MOST NEGATIVE FORMS OF TRADE PROTECTION, SUCH AS CREATING ARTIFICIAL BARRIERS TO PROTECT INDUSTRIES OTHERWISE UNABLE TO COMPETE INTERNATIONALLY. SOME DEVELOPED COUNTRIES

EXTRACT TRADE CONCESSIONS FROM DEVELOPING STATES ON A VIRTUALLY RECIPROCAL BASIS, DESPITE THE SPIRIT OF THE TOKYO DECLARATION. PHILIPPINES ARE OPPOSED TO SUCH EXACTIONS. STABILIZATION OF EXPORT PRICES OF PRIMARY PRODUCTS IS CRUCIAL FOR ECONOMIC GROWTH OF DEVELOPING COUNTRIES. VERCELES POINTED TO THE US AND FRG AS EXAMPLES OF DEVELOPED NATIONS WHOSE OFFICIAL DEVELOPMENT ASSISTANCE HAS FALLEN SHORT OF THE IDS TARGET OF ONE PERCENT OF GNP. JAPAN'S PLAN TO DOUBLE ITS AID FLOW IN THREE YEARS IS MOST WELCOME. ON RESTRUCTURING, VERCELES EXPRESSED STRONG SUPPORT FOR IMPLEMENTATION OF RESTRUCTURING, WHICH MUST BE EFFECTED ASAP TO COMPLEMENT EFFORTS TO ESTABLISH NIEO. VERCELES VIEWED COW AS A CONTINUATION OF THE NORTH-SOUTH DIALOG IN PARIS, UNCLASSIFIED

PAGE 07 STATE 187169

WHOSE OUTCOME WAS A "DISAPPOINTMENT". COW SHOULD INFUSE THE DIALOG WITH POLITICAL IMPETUS AND FACILITATE NEGOTIATIONS ON ESTABLISHING NIEO. THOUGH INITIAL MEETINGS WERE NOT VERY ENCOURAGING THEY TAUGHT THE NEED FOR GREATER FLEXIBILITY AND WILLINGNESS FOR ACCOMMODATION IN NEGOTIATIONS. PHILIPPINES REJECTS A COW THAT IS A MERE FORUM FOR NEGOTIATIONS, A DEBATING CLUB OR FORUM FOR RHETORICAL EXERCISE. HE ALSO QUESTIONED THE "RED-HERRING" OF CALLING COW AN OVERVIEW COMMITTEE, BECAUSE "OVERVIEW" SIMPLY MEANS SEEING THINGS FROM A CERTAIN VANTAGE POINT AND DOING NOTHING ABOUT THEM. IN SUMMARIZING HIS THOUGHTS ABOUT GLOBAL INTERDEPENDENCE AND POVERTY, VERCELES NOTED "POLITICAL OR SO-CALLED HISTORICAL REASONS HAVE NO RELEVANCE IN THIS CONTEXT".

7. VENEZUELA (CASTIL) ADDED HIS NATION TO THE GROWING LIST OF STATES CONCERNED ABOUT GROWING PROTECTIONISM IN WORLD TRADE. IN HIS REMARKS ABOUT THE NEED TO STABILIZE INTERNATIONAL MONETARY SYSTEM, HE CYNICALLY BOWED TOWARD EUROPEAN EFFORTS TO CHECK IMBALANCES AMONG THE EC-9. CASTIL NOTED THAT AFTER FOUR YEARS OF ENDLESS NEGOTIATIONS ON ESTABLISHMENT OF NIEO THE DEVELOPED STATES STILL LACK THE POLITICAL WILL TO TAKE THE STEPS NECESSARY TO ESTABLISH THE NIEO. HE NOTED THAT LDCS, ESPECIALLY THE LATIN AMERICAN STATES, HAVE DONE A GREAT DEAL AMONG THEMSELVES REGARDS ECONOMIC AND TECHNICAL DEVELOPMENT. IT IS NOW UP TO THE DEVELOPED STATES TO BRING THE WORLD INTO THE NIEO. THE DEVELOPED STATES' EFFORTS TO SHARE TECHNOLOGY, ESPECIALLY AFTER THE PARIS CONFERENCE, SHOW A DISINCLINATION TOWARD CONCRETE ACTION. HE NOTED, FOR EXAMPLE, THAT SOME DEVELOPED STATES ARE TRYING TO MAKE COW A FORUM FOR MERELY THE SHARING OF VIEWS. HE ALSO REGRETTED THAT IT HAS BEEN THUS FAR IMPOSSIBLE TO GENERATE A CONSTITUTION FOR THE CONVERSION OF UNIDO INTO A SPECIALIZED AGENCY.

UNCLASSIFIED

PAGE 08 STATE 187169

8. US DEL IS POUCHING TEXTS OF ALL BUT VENEZUELA
STATEMENT. VANDEN HEUVEL NQUOTE VANCE

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